NAIC Update
Winter 2015

TOP STORIES
- PBR pilot project details unveiled
- Working group to review life policy summaries, narratives
- Reinsurance model changes draw concerns over scope
- NAIC begins plans for TRIA data collection

ALSO IN THIS ISSUE
- NAIC actuarial update
- NAIC accounting update
- NAIC health update

WHAT'S NEXT
- February 26-28: NCOIL National Meeting; Little Rock, AR
- March 28-31: NAIC Spring National Meeting; New Orleans, LA

Change continues to top the agenda at the NAIC

JOHN HUFF, Missouri Insurance Director and incoming NAIC President

Courtesy of the NAIC

MONICA LINDEEN, Montana Commissioner and outgoing NAIC President

Courtesy of the NAIC

NATIONAL HARBOR, MD—If autumn outside was the season of change, when the fiery heat of a Washington summer paused for a moment of welcome relief before giving way to winter's icy grip, autumn inside the fall national meeting of the National Association of Insurance Commissioners (NAIC) was just as much a season of transition.

For state insurance regulators, the years since the financial downturn of the last decade have been punctuated by numerous changes, some of which—like the establishment of the Federal Insurance Office (FIO)—may have been considered threatening to the ongoing supremacy of state insurance regulation.

Whether the end result of changes in the insurance regulatory system will be a summer of joy or a winter of discontent for state regulators is still to be determined, but the presence of FIO director Mike McRaith and Federal Reserve System Insurance Advisor Tom Sullivan at this and previous NAIC meetings testified to the integration of federal officials into the insurance regulatory system over the past few years, and to their effect upon that system.

Sullivan, representing the Federal Reserve System, which regulates systemically important financial institutions (SIFIs) including insurers as well as savings and loans holding companies, told regulators that the capital standards for nonbank SIFIs would be unveiled "soon." He also told attendees that the Fed had not seen a current group capital standard system that it would emulate.

McRaith came to the meeting shortly after announcing that the FIO and the US Trade Representative (USTR) would pursue a covered agreement with the European Union over the opposition of state insurance regulators concerned that this agreement could preempt state laws, but with the support of industry groups concerned about the implications of Solvency II going into effect on January 1, 2016 without US equivalency being acknowledged.

Not all the changes evident at the meeting were external. The NAIC moved ever closer to establishing a group capital measurement after years of opposing a group capital standard internationally. Despite strong opposition from some state regulators at the start, one of the NAIC's highest priorities—principle-based reserving (PBR)—moved closer to adoption by the required supermajority of states.

Some changes were bittersweet. The wave of departing regulators continued, led by longtime luminaries including Rhode Island's Joe Torti and Pennsylvania's Steve Johnson. The leadership of the NAIC will also look different in the

MICHAEL McRAITH, Federal Insurance Office director

Courtesy of the NAIC

Senator **BEN NELSON,** outgoing NAIC Chief Executive Officer

Courtesy of the NAIC

coming year with the retirement of current Chief Executive Officer Senator Ben Nelson, and the announcement by outgoing president, Montana Insurance Commissioner Monica Lindeen that she would run for a different statewide office.

Incoming president, Missouri Insurance Director John Huff, who was himself elected to the post after the then President-elect was not reappointed after the election victory of the governor of a different party, takes office with a cabinet including at least one member who also must be reappointed by a newly elected governor of another party.

But just as autumn must give way to winter, winter too must yield to spring and the season of rebirth. For the NAIC, a significant number of new and relatively new commissioners provides opportunities for new ideas and for growth, a positive for an organization that probably will continue to adjust its approach in light of external regulatory influences, even as it maintains its overriding commitment to consumer protection.

PBR pilot project launching now

States will not be charged for assistance from the Valuation Analysis Working Group (VAWG), the NAIC's Larry Bruning told attendees at the PBR Review (EX) Working Group. The VAWG will consist of regulators with expertise in actuarial, financial analysis, and examination experience. It is designed to provide assistance to states and facilitate uniformity among states as they implement PBR.

Details of the upcoming PBR pilot project were also explained.

The working group was also told that PBR implementation was within reach. For PBR implementation, 42 states representing at least 75% of affected premium would have to adopt the enabling legislation. At the time of the meeting, 39 states representing 71.78% of premium had adopted the legislation, and adoption was pending in Massachusetts, which represents 3.27% of the required premium.

In addition, eight additional states would consider adopting PBR during upcoming legislative sessions. These sessions would largely be short legislative sessions, meaning action could be taken before the July 1 deadline for adoption. If the required supermajority is achieved by July 1, 2016, PBR would be adopted with an effective date of January 1, 2017.

In related business, the working group voted to expose changes to the Financial Analysis Handbook related to life reserves.

The PBR pilot will seek to find 10 companies along with their associated domiciliary states to volunteer to participate. These would be those currently planning on valuing business under Valuation Manual 20 (VM-20).

The pilot will focus on the VM-20 reserve supplement and the VM-31 (Actuarial Reporting) amendments and on the regulatory process to determine if any changes will need to be made. Companies will determine which products to test with the valuation date of the test product being December 31, 2015. Testing could cover either a single year of new business or multiple years of new business with multiple years preferred.

PBR pilot project timeline (from NAIC)

November - December 2015

PBR Review working group with NAIC staff to seek 10 company volunteers and their associated domiciliary states to participate in Pilot. NAIC staff will work with the states to solicit a company or companies in their state to participate. Company list will likely start with companies participating in the Company Experience Reporting pilot projects of NY and KS. A list of products and issue years will be developed from the participants who volunteer. Companies will use one or two (more if they wish) product types for this Pilot with several years if issue if possible. Efforts will be made to have a reasonable representation of term and universal life with secondary guarantee product types.

January 31, 2016

Complete list of products and issues years for each company volunteer. Completed confidentially agreements between NAIC, States and Companies that are needed.

March - June 2016

Companies complete VM-20 calculations as of 12-31-2015, VM-20 Supplement for blanks and VM-31 Actuarial Report. Reports to be submitted to State of Domicile and NAIC by June 30, 2016.

July - November 2016

Regulators to complete review of VM-20 Calculations, VM-20 Supplement Reports and VM-31 Actuarial Reports.

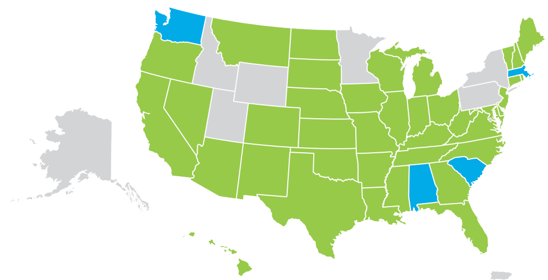
August 2016

Update Status of Pilot Project given to PBR Implementation (EX) Task Force by the PBR Review (EX) Working Group.

December 2016

Final Report on Pilot Project to PBR Implementation (EX) Task Force by the PBR Review (EX) Working Group.

Implementation of Principle-Based Reserving Revised Standard Nonforfeiture Law for Life Insurance (Model #808) Revised Standard Valuation Law (Model #820)*
[status as of November 13, 2015]



Adopted Model #808 and #820 (39: AR, AZ, CA, CO, CT, DE, FL, GA, HI, IL, IN, IA, KS, KY, LA, MD, ME, MI, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, OH, OK, OR, RI, SD, TN, TX, VA, VT, WI, WV)

Action under consideration (4: AL, MA, SC, WA)

No action to date

Courtesy of the NAIC

* These maps represent state action or pending state action regarding NAIC amendments to the model(s). These maps do not reflect a determination as to whether the pending or enacted legislation contains all elements of NAIC amendments to the model(s) or whether a state meets any applicable accreditation standards.

Experience Reporting Framework takes shape

The Principle-Based Reserving Implementation (EX) Task Force adopted an amended plan to evaluate states' Standard Valuation Laws (SVLs) to determine the Valuation Manual operative date. To date, 39 states have adopted the revised model laws, with Massachusetts under review in the legislative session. At least 42 states representing 75% of applicable premium must adopt what is deemed to be a "substantially similar" standard valuation law to the NAIC model for PBR to take effect.

The process will begin with the creation of the state survey to be sent out by the end of 2015 and returned to the NAIC by the end of January. States to be considered as having substantially similar laws will be provided at the NAIC spring meeting.

The task force heard a report on the Experience Reporting Framework.

NAIC CEO Andrew Beal reported that NAIC staff has been analyzing required resources. They will start with small data calls with about 100 companies. States will probably use the examination laws. The information collected will be confidential and will be stored in separate databases from normal NAIC information.

The NAIC will work with regulators and industry to develop a template to ensure uniform submissions. Data will be collected annually by September 30. Companies supplying data will be assessed a collection fee representing a certain portion of the cost of the program, and the rest of the cost would probably be collected from other companies who use the information and thus benefit from it, Beal said.

Beal told the task force that the majority of the work to be done could be done with existing NAIC staff, but consultants might have to be used to do development work. Almost all the staff work associated with this would be done in the fourth quarter, and there may yet be a need to add staff to complete the work.

The task force also adopted a disclosure proposal regarding RBC shortfall in the XXX/AXXX Reinsurance Framework with a suggested year-end 2015 implementation date. Lastly, the task force received updates on PBR implementation activities. It adopted the report of the PBR Review (EX) Working Group and received status updates on XXX/AXXX Reinsurance Framework charges sent to other NAIC committee groups.

Fed is working on capital standards

There are no universally accepted definitions of systemic risk, and regulators should be aware of many supposed measures that don't distinguish between instigators and victims of systemic risk, Dr. Mary A. Weiss, Elmer R. Deaver Professor of Risk, Insurance, and Healthcare Management at the Fox School of Business and Management of Temple University warned the Financial Stability (EX) Task Force.

Dr. Weiss, editor of *Risk Management and Insurance Review* and a co-editor for the *Journal of Risk and Insurance* told those attending the task force meeting that an in-depth review of literature revealed that traditional insurance activities did not contribute to systemic risk. She did add certain caveats, including the ability of guaranty funds to absorb losses, and the effect of corporate clients with large asset blocks and possible withdrawals.

Dr. Weiss stated the studies of bilateral reinsurance counterparty relationships of US P&C insurers have shown failure of the world's top 10 professional reinsurers is sustainable even with 100% loss default, as surplus loss is less than 6%. However, failure of top 10 group affiliated insurers with 100% loss default is more impactful with an 18% surplus loss. Dr. Weiss encouraged the task force to prevent regulatory arbitrage. She suggested arbitrage existed today, as banks and insurers are allowed to offer similar products.

Following Dr. Weiss's presentation on the systemic implications of insurance risk, former Connecticut Commissioner Tom Sullivan, senior advisor on insurance to the Board of Governors of the Federal Reserve System, was asked the status of current Fed efforts on G-SIIs and SIFIs, including how state regulators could be involved.

Sullivan said the Federal Reserve continues to productively work closely with state insurance departments and other foreign insurance regulators in its role as a prudential group-wide supervisor and has been reviewing group-wide ORSA Summary Reports, which have been useful and valuable tools.

Sullivan told the task force that the Fed has not taken any policy action to enact any G-SII standards. Any action would have to follow the rulemaking process, he said, and there was no timeline as to when that would be.

Asked about capital standards for SIFIs, Sullivan said that the Fed would fulfill its statutory obligations, and the notice of proposed rulemaking would be available "soon." With a wry smile, Sullivan declined to define "soon."

He did note that the Fed had found no external capital standards regime that it would emulate and that its standards would be developed internally. He called that a laborious process.

The task force also heard from Stephane Verani of the Fed on funding agreement-backed securities. Verani said that the life insurance industry is more connected to "shadow banking" than in the previous 20 years due to adjustments made to increase returns, such as shifting risk off-balance sheet to captives, lending securities, and funding assets with institutional funding agreements.

Verani discussed the need for regulators to better understand the level of insurers' exposure to funding agreement-backed securities, which increases their connection to the financial sector and liquidity vulnerabilities; however, he acknowledged that Federal Home Loan Bank (FHLB) advances can act as an important backstop.

Asked about capital standards for SIFIs, Sullivan said that the Fed would fulfill its statutory obligations, and the notice of proposed rulemaking would be available "soon." With a wry smile, Sullivan declined to define "soon."

Life committee declines to open up model regulations

Opening up a model regulation in order to adjust life insurance policy illustrations for consumers may be laudable in intent, but could open up a Pandora's Box regulators at the Life Insurance and Annuities (A) Committee were told.

While the idea would be to provide better information to consumers, one regulator urged caution absent a specific issue in the marketplace. A second regulator agreed, noting that uniformity has been largely achieved through the model regulation and reopening it may disrupt that.

Consideration of modifications to the Life Insurance Illustrations Model Regulation (#582) was the subject of at least six comment letters. One of the writers, Bruce Ferguson of the American Council of Life Insurers (ACLI), said there were many challenges with the opening of the model. Companies are already working on ways to make their products more accessible and understandable within the current model, he told regulators.

Laura Henson of the American Academy of Actuaries (AAA) encouraged the committee to take note of the existence of uniformity in the marketplace currently. In its comment letter, the AAA said, "We suggest that the NAIC give serious consideration to whether changing the model is essential and whether there are other ways to achieve the desired results."

Regulators debated and agreed that review was needed, but expressed concern about the effects of opening of the model. Consumer representative Birny Birnbaum told the regulators that uniform laws did not necessarily mean uniform illustrations and suggested reviewing the buyer's guide.

A New York regulator spoke up in support of opening up the model regulation, saying that AG-49—the actuarial guideline that defines and restricts illustrations on indexed universal life policies—did not go far enough. Current issues with fixed universal life policies did not show up until much later after issuance, the regulator said.

The committee established a working group to review the Life Insurance Illustrations Model Regulation and the Life Insurance Disclosure Model Regulation (#580) and explore how the narrative and policy summaries could be enhanced. New York was the sole vote in opposition.

The committee also adopted the report of the Contingent Deferred Annuity (A) Working Group, including its new guidance document: *Guidance for the Financial Solvency and Market Conduct Regulation of Insurers Who Offer Contingent Deferred Annuities*. Birnbaum called the document unbalanced and said it favored sellers.

"[W]e suggest that the NAIC give serious consideration to whether changing the [Life Insurance Illustrations Model Regulation] is essential and whether there are other ways to achieve the desired results."

— Laura Henson, American Academy of Actuaries

Working group wants more disclosure, fewer hedging restrictions

The Variable Annuities Issues (E) Working Group exposed a draft blank proposal for discussion over 60 days that would redesign the annual statement disclosures applicable to variable annuities to add more meaningful information about the valuation of the guaranteed liabilities.

This draft will be effective by December 31, 2017. If adopted, the intent, according to the preamble to the exposure draft, is to provide all stakeholders with more transparency and additional insights into how the contractual obligations could change over time, as well as the insurance company's ability to manage those obligations.

Some speakers expressed concern about the amount of work that would be required to comply with the proposal, if adopted.

Members of the group were also asked to help provide guidance to NAIC staff on proposed changes to state investment laws that would remove some limits on the extent to which an insurer may use hedges in its risk management.

Courtesy of the NAIC

Reinsurance model changes draw opposition

Proposed revisions to the Credit for Reinsurance Model Law and a draft of the XXX/AXXX Credit for Reinsurance Model Regulation sparked a lively discussion at the Reinsurance (E) Task Force meeting. The task force would like to have the revised law adopted in December 2015 and the regulation by the spring 2016 NAIC meeting.

The primary purpose of the revision was to address perceived concerns with life insurer-owned captives. Numerous stakeholders including the Financial Stability Oversight Council (FSOC), the International Monetary Fund (IMF), and the FIO have expressed concerns about these captives.

A number of industry representatives expressed their concern over scope, saying that the law and regulation as rewritten would be broader than the stated intent, covering other captives, and would give state regulators broader powers than they currently had.

Courtesy of the NAIC

"What this does is replace mortality risk with the regulatory risk…that's why the industry is worried about it," said Paul Graham of the ACLI. Graham said he wanted it clearly stated in the law that the law was not designed for traditional reinsurance companies. He explained that that was why the ACLI supported an "Option 2 with tweaks" to exempt traditional reinsurers. Three possible options were under discussion.

The American Insurance Association (AIA) representative said that the organization now had major concerns because commissioners would have basically unfettered authority to make changes without having to go to state legislatures. The AIA, he said, could support the original or option two with minor tweaks, but he thought the NAIC staff had marked up the new versions with language similar to that in option 3 opposed by the AIA.

The intent seems to be to not to have to go through the legislature, the representative said, citing an earlier statement from one regulator.

Steve Bennett of the Captive Division of the Delaware Insurance Department said that department was opposed to option 3, adding that the captive industry was very concerned about that option.

PCI expressed concern about the breadth of the language included in the new markups, saying that it could include property-casualty insurers when the original intent had been to address life insurer-owned captive issues. Representatives of two major insurers supported what they called Option 2+, suggested by one of the insurers.

Option 2+ included added language to the Model Law that would limit the commissioner's discretion to only being able to adopt a regulation related to "other insurance and annuity products" that is directly related to a NAIC Credit for Reinsurance Model Law. The ACLI option includes language for an exemption if the reinsurer meets certain criteria, such as maintaining at least $250 million in capital and surplus.

The task force voted to expose the options until early December and plan to schedule a meeting shortly after that date.

"We are going to get a law done this year," said committee chair John Huff of Missouri.

Terrorism data call is on track

The Terrorism Insurance Implementation (C) Working Group would prefer to work with the FIO to avoid duplication and reduce the regulatory burden on insurers as it seeks to collect data on Terrorism Risk Insurance Act (TRIA), but has nonetheless begun its own efforts.

The Dodd-Frank Act requires FIO to collect certain data from insurers participating in the federally backed terrorism risk insurance program. Working group chair Martha Lees of New York told the group that she had "shared (the NAIC's proposed data call) with the FIO for input," and had already received some valuable feedback.

Lees told attendees that the working group was looking for feedback on timing, data elements, and reducing duplication. The goal was to ensure that the data call would be clear and easy. The data call required information from insurers on their terrorism insurance clients, including firm size information, ZIP code level coverage, and the two-digit NAICS code.

The data collection is anticipated to be funneled through New York, with 11 states issuing data calls. Lees reiterated that the overriding principle was reducing duplication and avoiding a regulatory burden.

One regulator expressed concern that the data call was too large to be handled in the fashion envisioned by the working group. An industry observer called on the working group to drop segments of the data call that "don't help tell the story." That included firm size information not now collected by insurers and information on noncertified coverage. Removing those segments would help address timing concerns, as that would reduce the need for industry to gather data it did not currently collect.

The working group members reassured industry that data confidentiality would be protected to the strongest extent possible.

A representative of the PCI praised the working groups' work as a good start: "I think you have the train on the right track." That representative as well as another industry representative expressed concern about the timing and repeated the concern with collecting some of the data required, especially for property-casualty companies.

Some such data at the establishment level—the number of employees for a property-casualty company or the number of locations for a workers' compensation carrier—was not normally collected by these respective insurers, the working group heard.

ComFrame field testing reveals issues to be addressed

The ComFrame Development and Analysis (G) Working Group adopted conference call minutes, which approved the recommendation for development of an NAIC Group Capital Calculation. That calculation will be based on RBC aggregation methodology and should cover all entities within the group, including the holding company.

The working group heard an update with regard to progress on ComFrame. The field testing specifications, template, technical explanations of yield curve, and Q&A are available on the IAIS website under the ComFrame section.

The IAIS is scrubbing the quantitative field testing data collected during the year in order to assess the impact on options test. Although it is too early to draw conclusions, key issues remain regarding valuation, capital resources, calibration levels, and aggregation of risk charges.

The qualitative field testing on governance requirements identified findings, including an enhanced need for clarity in the ComFrame document, confirmation of the intent of group level functions, and better understanding of what practices can satisfy the word "requirement." These findings and others have been referred to the IAIS Governance Working Group for consideration. The review of qualitative field testing on enterprise risk management requirements is in process.

Development of the IAIS global insurance capital standard (ICS) for IAIGs, the IAIS basic capital requirements (BCR) and the higher loss absorbency requirements (HLA) for implementation by G-SIIs were other topics reviewed by the working group. The IAIS adopted the methodology for HLA in November 2015, which was endorsed by the G20. Consultation on the G-SII assessment methodology and the definition of non-traditional non-insurance (NTNI) was expected to occur during November 2015. The second ICS consultation is expected to occur in mid-2016.

Commissioner Julie McPeak of Tennessee outlined the expected movement of the global ICS from version 1.0 to 2.0, including the reconciliation of GAAP Plus with Market-Consistent Valuation. Currently, the differences are not well understood so no predictions can be made as to whether and by how much GAAP Plus would move to be more in alignment with Market-Consistent Valuation. Commissioner Kevin McCarty of Florida remarked that the US team is intent on retaining GAAP Plus with adjustments.

Courtesy of the NAIC

Group capital calculation recommendation adopted

The International Insurance Relations (G) Committee adopted reports from the ComFrame Development and Analysis (G) Working Group (CDAWG) and the International Regulatory Cooperation (G) Working Group. The committee also approved group capital calculation recommendation from CDAWG, which would be developed as a charge for the Financial Condition (E) Committee.

The committee heard an update on the IAIS. Nine global systemically important insurers (G-SIIs) have been announced for 2016, with one added and one removed from the list. The IAIS postponed a decision on the G-SII status of reinsurers pending further development of the methodology.

Consultation on the G-SII assessment methodology and the definition of nontraditional non-insurance (NTNI) was expected to occur during November 2015. The IAIS is also looking at the application of Total Loss Absorbing Capacity (TLAC) for G-SIIs and the NAIC encouraged regulators and interested parties to comment on the FSB paper on resolution strategies and plans for G-SIIs open for consultation to January 2016.

At the recent IAIS annual meeting, the organization approved the following: Higher Loss Absorbency (HLA) requirements for G-SIIs; revisions to the Insurance Core Principles (ICPs) including ICP 4 (Licensing), ICP 5 (Suitability of Persons), ICP 7 (Corporate Governance), ICP 8 (Risk Management and Internal Controls), ICP 23 (Group-wide Supervision), and ICP 25 (Supervisory Cooperation and Coordination).

The IAIS also approved an application paper on the Regulation and Supervision of Captive Insurers; an issues paper on the Conduct of Business Risk and its Management; an issues paper on the Conduct of Business in Inclusive Insurance; and an issues paper on the Regulation and Supervision of MicroTakaful Insurance. A second consultation of the Insurance Capital Standard is scheduled for mid-2016.

The Federal Reserve Board was given a seat on the IAIS Executive Committee. Dr. Vicky Saporta (UK PRA) was elected chair of the Executive Committee. The 2016 NAIC representatives on the IAIS Executive Committee are Commissioner Kevin McCarty (FL), Commissioner Susan Donegan (VT), and Commissioner Julie McPeak (TN). Commissioner McCarty will continue to serve as vice-chair of the Executive Committee. Additionally, Florida was the twelfth US state to be approved as part of the IAIS Multilateral Memorandum of Understanding on Information Exchange.

In one notable personnel move, Deputy Secretary General George Brady is leaving the IAIS at the end of the year. Brady is a former counsel to the NAIC.

The committee discussed the US-European Union (US-EU) Dialogue Project and the covered agreement. The information exchange, ORSA, corporate governance, and group supervision had been the recent focus of the Project. The NAIC was concerned that there was still no clarity as to the treatment of US companies under Solvency II and felt issues could be addressed without a covered agreement.

The committee received an update on the OECD developments, including a seminar on climate change scheduled to be held December 3, 2015. The OECD continues to work on disaster financing, protection on annuity products, corporate governance, cyber-security, analytical tools, and financial management of flood risks and long-term investments. Commissioner John Doak (OK) represented the NAIC at the 2015 conference on disaster management.

In brief:

Speakers disagree at auto insurance hearing

A public hearing on the affordability of auto insurance rates heard from consumer representatives who called for changes and from industry representatives who praised the effectiveness and affordability of the current system. A representative of Consumers Union called for some risk factors to be banned from use in auto insurance rating. Among those would be credit scores. Bob Hunter of the Consumer Federation of America said low and moderate income consumers and minorities were disparately affected by the use of some rating factors. Birny Birnbaum of the Center for Economic Justice also called for changes. Industry representatives, including speakers from credit rating agencies and the Property Casualty Insurers Association of America (PCI), supported the use of various factors that are considered predictive of risk.

CIPR hosted educational seminar on captives

The Center for Insurance Policy Research (CIPR) held a well-attended event focusing on captives and captive regulation. Notable observations from various discussions included: 1) prior to the XXX/AXXX Reinsurance Framework, significant transparency issues existed between regulators and other companies that created distrust and competition concerns; 2) the combined impact of PBR and AG48 should reduce and/or eliminate the gap in reserves to be financed by captives; 3) Risk Retention Groups and Special Purpose Vehicles require a great deal of regulatory resources as compared to pure captives. Remaining challenges and concerns included: Part B accreditation requirements related to XXX/AXXX captive transactions; variable annuity and LTC captive reinsurance transactions; and differing views on potential regulatory solutions, such as transparency and penalties.

Price optimization whitepaper adopted

The Casualty Actuarial and Statistical (C) Task Force discussed the price optimization whitepaper and recommendations and then adopted the whitepaper with minor revisions. Price optimization in auto insurance has emerged as a major concern of consumer groups, and a number of states have moved to ban the practice. The task force received a referral regarding tax affecting components of RBC.

Handbook changes coming?

The Risk-Focused Surveillance (E) Working Group discussed potential changes to the financial analysis handbook in order to better align Level 1 procedures with the branded risk categories.

More GAAPs recognized

The Valuation of Securities (E) Task Force adopted amendments to the Policies and Procedures Manual, such as to retain UK GAAP and add Ireland and Dutch GAAP as recognized National Financial Presentation Standards (NFPS) and to clarify that NFPS filings must include consolidated statements of cash flows for three years. The task force exposed a proposal related to the Bank List and Securities Listed Projects for reinsurance collateral.

Meetings with Bermuda, Japan on tap

The International Regulatory Cooperation (G) Working Group reviewed the recent NAIC Fellows program and discussed plans for the 2016 program. The NAIC is currently hosting 11 fellows. The working group also reviewed the NAIC's participation in international training programs on market conduct including those in Costa Rica with Association of Latin American Insurance Supervisors (ASSAL) and the Office of Insurance Commission (OIC) in Thailand, as well as observations from the second annual Asia-Pacific Forum held in Los Angeles during October 2015. The group discussed upcoming bilateral meetings with Bermuda and the Japan Financial Services Agency to discuss supervisory approaches and regulatory issues.

Governance changes instituted

Acting on the recommendation of consultants hired to review the NAIC's corporate governance, the Governance Review (EX) Task Force adopted a number of proposed changes including:

- NAIC members will be subject to a conflict of interest policy and disclosure form;
- Only the most recent past president available will be a voting member of the executive committee. All past members will be able to continue to participate, but can no longer vote;
- The letter committees will be expanded from 13 to 15 members. Committee appointments will no longer expire at year-end but will continue until new appointments are made in January of the following year; and,
- Only members, not proxies, may vote on certain committees, including the Executive (EX) Committee, Financial Regulation Standards and Accreditation (F) Committee in a vote concerning a state-specific item, Government Relations Leadership Council, or International Insurance Relations Leadership Group.

There was concern expressed that shrinking the executive committee voting members would not be helpful to getting full representation, but the measures were adopted.

Health care update

If there was a common thread amongst the meetings of the Health Insurance and Managed Care (B) Committee and its task force and working groups, it was health care cost. And probably more importantly, health care value. Regulators continue to focus on the consumer and the continued impact of the Affordable Care Act (ACA) and recent events such as pending national health plan mergers.

Committee focus on health care costs started with the revisions to the Managed Care Plan Network Adequacy Model Act (#74) adopted during interim calls. The committee heard a presentation on the role of the regulators in health care value and the drivers of rising health care costs from a representative of the Consumers Union and an update from the federal Center for Consumer Information and Insurance Oversight on the open enrollment for the third year of health insurance exchanges.

The meeting of the Health Care Reform Regulatory Alternatives (B) Working Group was brief as the working group focused on its continued work monitoring state-based exchanges (and alternatives) including the unique issues of the US Territories and also its new work on health care costs.

The Medical Loss Ratio Quality Improvement Activities (B) Subgroup was initially established in 2010 to review the new classification of quality improvement (QI) initiatives for the implementation of ACA medical loss ratio reporting requirements. The subgroup last met in 2012, but has been revived to review QI reporting and new QI initiatives. At the Winter NAIC meeting, the subgroup concentrated on the definition of QI activities as defined within the NAIC reporting requirements and heard testimony from numerous stakeholders regarding the definition and whether it needs amending. One of the areas raised by industry representatives was fraud detection and prevention programs and dialog between the stakeholders and regulators centered on how fraud detection programs can improve the health of consumers and whether that improvement can be measured. The subgroup asked stakeholders to provide additional information that provides more detail as to the connection between costs, in particular fraud detection programs and value-based care initiatives, and the health of the consumer.

Looking forward to 2016, the Health Insurance and Managed Care (B) Committee charges and those of its task force have expanded to include examining the factors that contribute to rising health care costs and insurance premiums and reviewing state initiatives to address those cost drivers. These added charges will be no small task for the committee and will require a significant lift from both the committee and industry to understand the data behind the costs, always keeping the best interest of the health insurance consumers in mind.

This summary was prepared by Lynn Friedrichs. For your comments and suggestions, please contact the author – lfriedrichs@deloitte.com.

Actuarial update

Life Actuarial Task Force (LATF)

Amendments to the Life PBR Valuation Manual (VM-20) continue. It seems that as more interested parties begin to "digest" the latest version of VM-20, more technical issues arise that need to be addressed prior to the expected 1/1/2017 operative date. As of the date of the meeting, 39 states and jurisdictions with 72% of industry premiums had passed the model law enabling PBR, and based on pending legislative activity, the states are still on track to meeting the 42 state/75% premium requirement for a 1/1/2017 operative date. Other activities include further work on new life mortality tables, principles-based annuity reserving standards, and nonforfeiture modernization. Following are LATF highlights from the 2015 winter NAIC meeting:

New Mortality Tables

The American Academy of Actuaries (AAA) gave another update of its work on Guaranteed Issue, Simplified Issue, and Preneed programs. Guaranteed Issue data was collected from 15 companies; however, data from four companies had to be excluded due to differing characteristics of the underlying products. Preliminary results appear to vary widely by company, so further analysis is needed. For Simplified Issue, 30 companies provided data, with more consistent results. Since this data was collected, significant advances have been made in the Simplified Issue space, including "Accelerated Underwriting" based largely on electronic data. For these newer types of Simplified Issue, a separate category may be needed and is under discussion by the AAA group. For Preneed, 11 companies have provided data, which is under analysis and review.

Life PBR (VM-20)

Work continues on more refinements to the Life portion of the Valuation Manual. Proposed/adopted amendments to VM-20 at the meeting included the following:

- Amendment proposal forms to adopt the 2017 CSO Mortality Table for reserves and nonforfeiture values were presented by the AAA. The amendments were adopted by LATF. The AAA also proposed two other editorial changes clarifying methods for calculating the deterministic reserve under PBR and to refine the definition of a "modeled reserve." Both amendments were exposed for comment by LATF.
- The ACLI presented editorial changes regarding Net Premium Reserve calculations and commercial mortgage default costs. These changes were exposed for comment by LATF. ACLI also presented proposed changes to PBR reporting (VM-31) to clarify reporting on the deterministic and stochastic exclusion tests and to coordinate reporting with certain PBR data provided in the annual statement. These amendments were exposed for comment by LATF as well.

Fixed Annuity (VM-22) Subgroup

Felix Schirripa, chair of the VM-22 subgroup, gave an update on subgroup activities. Schirripa indicated that the group is inclined to preserve most of the existing fixed annuity methodology under the commissioners' annuity reserve valuation method (CARVM). The group would like to incorporate exclusion tests to eliminate unnecessary calculations and to correct flaws within CARVM (particularly Actuarial Guideline 33) to eliminate unnecessary reserve redundancies.

The AAA gave a presentation updating activity from the Standard Valuation Law (SVL) Interest Rate Modernization subgroup. The subgroup is proposing that valuation rates for "jumbo" contracts in excess of $100 million premium (such as pension risk transfer) calculate valuation rates daily, while other contracts would update valuation rates quarterly. The rate would be consistent with the rates in VM-20, perhaps in four to six duration buckets.

The AAA Annuity Reserve Working Group gave an update. After a number of years of work with different reserving methodologies, the group indicated that it will pursue the Representative Scenario Method (RSM). The group believes this method will produce “right sized” reserves incorporating risk and margin consistent with statutory reserving principles. However, at this time, RSM will not be pursued given the resources currently available to devote to this. In effect, RSM will be tabled for now, however, more work may be done in the future on RSM for applicable products once appropriate resources are lined up.

Nonforfeiture Modernization

The AAA Nonforfeiture working group provided an update on its activities. The group has proposed a Gross Premium Nonforfeiture Method (GPNM) framework, which is a retrospective approach intended to be more principles based. The methodology would calculate a “funded” portion of the contract based on gross premiums paid and specific guidance on methodology and assumptions. The framework would provide a consistent approach for both Life and Annuity products (including ULSG), a statistical agent would be used to collect assumption data, and there would be a more direct link between non-forfeiture benefits and cash surrender values. LATF will have conference calls to follow up on AAA proposal.

This summary was prepared by Russ Menze. For your comments and suggestions, please contact the author – rmenze@deloitte.com.

NAIC accounting update

This section of the NAIC Update focuses on accounting and reporting changes discussed, adopted, and exposed by the Statutory Accounting Principles (E) Working Group, the Accounting Practices and Procedures (E) Task Force and the Financial Condition (E) Committee during the 2015 Fall Meeting and interim conference calls. All changes finalized during these meetings were considered nonsubstantive and are effective upon adoption unless otherwise noted.

Statutory Accounting Principles Working Group

Interim Developments: The Statutory Accounting Principles Working Group (SAPWG) adopted the following nonsubstantive amendments as final during the October 19, 2015 Interim Conference Call:

Reference number	Title	Sector	Amendments adopted as final	Financial statement impact	Disclosure	Effective date
2015–28	**Preamble**	P&C Life Health	Revisions (1) clarify that Level 1 of the Statutory Hierarchy pertains to US-GAAP as opposed to other GAAP; (2) the Statutory Accounting Principles Working Group now is responsible for the interpretation process; (3) clarifies the AICPA guidance under Level 5; and (4) clarifies that Derivatives Implementation Guidance and FASB Staff Positions that have not been addressed in statutory accounting principles are included in Appendix D of the NAIC Accounting Practices and Procedures Manual and are considered as non-applicable US-GAAP.	N	N	2015
2015–10	**SSAP No. 15—Debt and Holding Company Obligations**	P&C Life Health	Revisions maintain current guidance to charge operations for debt issuance costs and rejects newly issued US-GAAP guidance.	N	N	2015
2015-24	**SSAP No. 23—Foreign Currency Transactions and Translations**	P&C Life Health	Revisions clarify that the translation guidance applicable to Canadian insurance operations resulting in less than 10% of the reporting entity's admitted assets, less than 10% of the reporting entity's liabilities and less than 10% of the reporting entity's net premium, is optional. The reporting entity may make an adjustment to the net assets of the Canadian operation or perform a full translation of applicable financial statement line items.	N	N	2015
2015–04	**SSAP No. 26—Bonds**	P&C Life Health	Revisions clarify yield-to-worst amortization guidance for callable bonds.	N	N	2015
2015–29	**SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses**	Title	Revisions clarify disclosure guidance for title insurers.	N	Y	2015
2015–13	**SSAP No. 92—Postretirement Benefits Other Than Pensions SSAP No. 102 —Pensions**	P&C Life Health	Revisions adopt US-GAAP guidance related to interim re-measurement of plan assets and benefit obligations due to a significant event, noting the continued requirement for year-end measurement.	Y	N	2015
2015–26 2015–32	**SSAP No. 97—Investments in Subsidiary, Controlled, and Affiliated Entities**	P&C Life Health	Revisions (1) reject US-GAAP guidance related to in-substance real estate investments and (2) clarify application of the equity-method of accounting.	N	N	2015
2015–30	**SSAP No. 107—Accounting for the Risk-Sharing Provisions of the ACA**	Health	Revisions clarify the requirement for premium adjustments for contracts subject to redetermination.	N	N	2015
2007–25	**Appendix D—GAAP Cross Reference to Statutory Accounting Principles**	P&C Life Health	Revisions reject the US-GAAP guidance related to the fair value option.	N/A	N/A	2015

Reference number	Title	Sector	Amendments adopted as final	Financial statement impact	Disclosure	Effective date
2015–34	**SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures**	P&C Life Health	Revisions add a disclosure related to possible proceeds received by the reporting entity as the issuer, ceding insurer, or counterparty of insurance-linked securities.	N	Y	2015

Current Developments: The SAPWG adopted the following nonsubstantive amendments as final during the 2015 Fall Meeting:

Reference number	Title	Sector	Amendments adopted as final	Financial statement impact	Disclosure	Effective date
2015–36	**SSAP No. 61R—Life, Deposit-Type, Accident and Health Reinsurance**	Life Health	Revisions add disclosure regarding reinsurance agreements with affiliated captive reinsurers. This disclosure is for 2015 only, as updated disclosure requirements are expected for 2016.	N	Y	2015 only
2015–35	**SSAP No. 65—Property and Casualty Contracts**	P&C	Revisions add disclosure of professional employer organization unsecured high-deductible recoverables, both individually and for the group.	N	Y	2015
2015–08 2015–25	**SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities**	P&C Life Health	Revisions (1) add Footnote 1 disclosure and reconciliation of permitted or prescribed practices included in investments in insurance subsidiary, controlled and affiliated entities (SCA) and (2) add disclosure for each SCA investment (gross, non-admitted, admitted) along with detail related to NAIC filing process.	N	Y	2015
2015–18	**Appendix F—Policy Statements**	P&C Life Health	Revisions disband the Emerging Accounting Issues Working Group and transfer the interpretation process to the Statutory Accounting Principles (E) Working Group.	N/A	N/A	N/A

The SAPWG exposed the following items for written comments (due by February 5, 2016, except for agenda items 2015-08, 2015-44 and 2014-28, which have a comment deadline of December 8, 2015, and agenda item 2015-54, which has a comment deadline of January 15, 2016) by interested parties:

Reference number	Title	Sector	Amendments adopted as final	Financial statement impact	Disclosure	Effective date
2014–25	**SSAP No. 41—Surplus Notes**	P&C Life Health	***Substantive***—Re-exposed Issue Paper No. 151—Valuation for Holders of Surplus Notes, proposing revisions to the measurement method for holders of non-rated surplus notes and surplus notes with a designation of NAIC 1 and NAIC 2. Concurrently exposed SSAP No. 41 with the guidance included in the issue paper. Proposed revisions and discussion items are as follows: • Clarifies and continues valuation of NAIC 1 surplus notes at amortized cost • Considers and discuss valuation of NAIC 2 surplus notes at amortized cost • Considers valuation of non-rated surplus notes and surplus notes rated anything other than NAIC 1 and NAIC 2 at the lower of amortized cost or fair value • Incorporates explicit impairment guidance • Considers and discuss whether duplicative guidance of the Purposes and Procedures Manual should be removed.	Y	N	TBD
2014–28	**SSAP No. 62R—Property and Casualty Reinsurance**	P&C	***Substantive***—Exposed Issue Paper No. 153—Counterparty Reporting Exception for Asbestos and Pollution Contracts, which provides historical documentation of changes adopted for certain asbestos and pollution reinsurance contracts.	N/A	N/A	N/A
2015–02	**SSAP No. 103—Transfers and servicing of Financial Assets and Extinguishments of Liabilities**	P&C Life Health	***Substantive***—Exposed Issue Paper No. 152—Short Sales, proposing adoption of US-GAAP guidance (recognition of proceeds from sale of a financial asset and an obligation to deliver the financial asset) with the modification to report the obligation as a contra asset to the asset type delivered. In addition, changes in value of the asset are recognized as unrealized gains or losses until settlement of the transaction.	Y	N	TBD
2015–19 2015–52	**SSAP No. 1—Accounting Policies, Risks & Uncertainties, and Other Disclosures**	P&C Life Health	***Nonsubstantive***—Exposed revisions to: • Require quarterly disclosure of restricted assets if significantly different from the prior year-end financial statement disclosure; • Clarify intent to present all permitted and prescribed accounting practices in the reconciliation, even those that do not impact surplus and risk-based capital; and • Add the requirement to identify the related SSAP applicable to the practice, and the financial statement page and line item impacted.	N	Y	TBD
2015–46	**SSAP No. 3—Accounting Changes and Corrections of Errors**	P&C Life Health	***Nonsubstantive***—Exposed revisions proposing definitions for accounting versus reporting errors and clarifies that reporting entities are not precluded from amending annual or quarterly filings for reporting errors.	N/A	N/A	TBD
2015–40	**SSAP No. 15—Debt and Holding Company Obligations**	P&C Life Health	***Nonsubstantive***—Exposed revisions to reject *ASU 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*, and maintain the statutory requirement to charge operations for these costs.	N/A	N/A	N/A
2015–23 2015–41 2015–45	**SSAP No. 26—Bonds**	P&C Life Health	***Nonsubstantive***—Exposed items to: • Clarify the appropriate reporting of prepayment penalties (net investment income) in various SSAPs and annual statement reporting schedules; • Request comments on whether revisions are needed if the NAIC Securities Valuation Office (SVO) no longer provides a five-star designation after reviewing insurer certifications, and if insurers self-designate with disclosure in the general interrogatory. • Consider alternatives for modifying accounting requirements for SVO bond-designated exchange-traded funds.	Y	Y	TBD

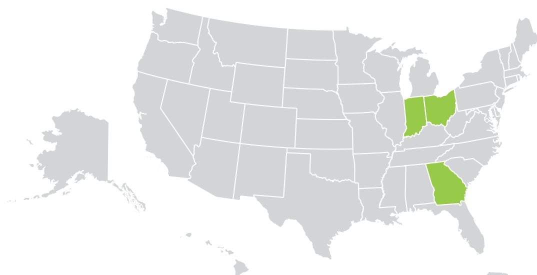
Reference number	Title	Sector	Amendments adopted as final	Financial statement impact	Disclosure	Effective date
2015–21	**SSAP No. 55—Unpaid Claims, Losses and Loss Adjustment Expenses**	P&C Life Health	***Nonsubstantive***—Exposed revisions to clarify that fees incurred for salvage and subrogation recoveries are reported gross, regardless of whether the fees are paid to third parties or processed internally. The Working Group requests additional comments related to subrogation expense reporting.	N	N	TBD
2015–43 2015–51	**SSAP No. 86 —Derivatives**	P&C Life Health	***Nonsubstantive*—**Exposed proposed revisions to: • Incorporate the US-GAAP definition of weather derivatives and report and value consistently with other derivatives under the guidance; and • Incorporate a definition of "notional principal."	N	N	TBD
2015–08 2015–49	**SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities (SCAs)**	P&C Life Health	***Nonsubstantive***—Exposed revisions to: • Clarify adjustments for non-insurance SCAs meeting the revenue and activity test; and • Clarify that ownership of an exchange-traded fund or a mutual fund of an issuer does not represent ownership issuer unless ownership results in control.	N/A	N/A	TBD
2015–54	**SSAP No. 107—Risk-Sharing Provisions of the ACA**	P&C Life Health	***Nonsubstantive***—Exposed revisions to update the quarterly disclosure requirements related to risk corridors.	N	Y	2016
2015–27	**Investment Schedules—Schedule D**	P&C Life Health	***Nonsubstantive***—Revisions propose quarterly reporting of electronic-only data as an NAIC supplemental filing that includes CUSIP, par value, book/adjusted carrying value and fair value.	N	Y	TBD
2015–44	**Appendix A-695—Synthetic Guaranteed Investment Contracts Model Regulation**	P&C Life Health	***Nonsubstantive*—**Revisions propose adoption of model regulation previously adopted by the Life Insurance and Annuities (A) Committee, which explicitly excludes contingent deferred annuities from the scope of the model and other technical changes.	Y	N	2015
2015–38 2015–39 2015–42 2015–50 2015–48 2015–48 2015–48 2015–48 2015–48	**Appendix D—GAAP Cross-Reference to SAP**	P&C Life Health	***Nonsubstantive***—Exposed revisions to reject the US-GAAP guidance related to the following: • ASU 2015-12: Plan Accounting: Defined Benefit Pension Plans (Topic 960); Defined Contribution Pension Plans (Topic 962); and Health and Welfare Benefit Plans (Topic 965). • ASU 2015-13: Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts within Nodal Energy Markets. • ASU 2015-11: Inventory (Topic 330)—Simplifying the Measurement of Inventory. • ASU 2014-06: Technical Corrections and Improvements Related to Glossary Terms. • EITF 98-10: Accounting for Contracts Involved in Energy Trading and Risk Management Activities. • EITF 98-12: Application of Issue No. 00-19 to Forward Equity Sales Transactions. • ETIF 99-01: Accounting for Debt Convertible into the Stock of a Consolidated Subsidiary. • EITF 99-03: Application of Issue No. 96-13 to Derivative Instruments with Multiple Settlement Alternatives. • EITF 00-7: Application of Issue No. 96-13 to Equity Derivative Instruments That Contain Certain Provisions That Require Net Cash Settlement if Certain Events Outside the Control of the Issuer Occur.	N/A	N/A	N/A

This summary was prepared by Amy Alves, John Tittle, Lynn Friedrichs, and Ed Wilkins. For your comments and suggestions, please contact the authors – amalves@deloitte.com, johntittle@deloitte.com, lfriedrichs@deloitte.com or ewilkins@deloitte.com.

State progress on adoption of model acts and regulations

The maps below represent state action or pending state action addressing the topic of the model. These maps do not reflect a determination as to whether the pending or enacted legistation contains all elements of the model or whethere a state meets any applicable accreditation standards.

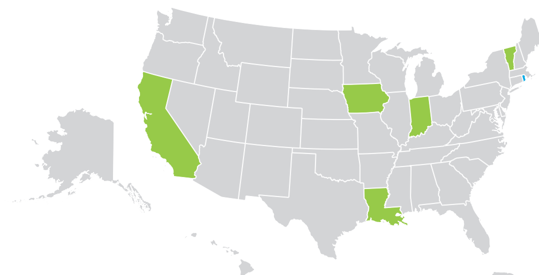
Implementation of 2014 Revisions to Model #205 Annual Financial Reporting Model Regulation
[status of November 17, 2015]



Adopted Model #205 (3: GA, IN, OH)
No action to date

Courtesy of the NAIC

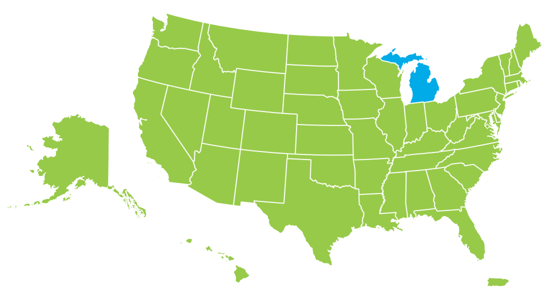
Implementation of Model Act #305 Corporate Governance Annual Disclosure Model Act
[status of November 17, 2015]



Adopted Model #305 (5: CA, IN, IA, LA, VT)
Action under consideration (2: RI)
No action to date

Courtesy of the NAIC

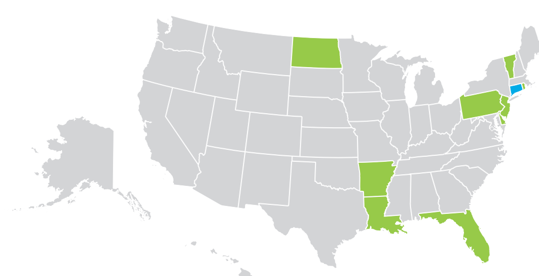
Implementation of 2010 Revisions to Model #440 Insurance Holding Company System Regulatory Act
[status of November 17, 2015]



Adopted Model #440 (51: AK, AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, ME, MD, MN, MO, MS, MT, NE, NC, ND, NJ, NM, NV, NH, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, UT, VT, VA, WA, WI, WV, WY)
Action under consideration (1: MI)

Courtesy of the NAIC

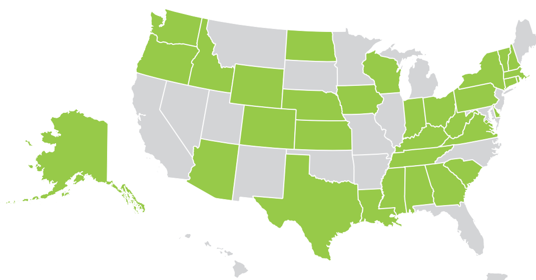
Implementation of 2014 Revisions to Model #440 (Internationally Active Insurance Groups) Insurance Holding Company System Regulatory Act
[status of November 17, 2015]



Adopted Model #440 (10: AR, CA, DE, FL, LA, NJ, ND, PA, RI, VT)
Action under consideration (1: CT)
No action to date

Courtesy of the NAIC

Implementation of 2010 Revisions to Model #450
Insurance Holding Company System Model Regulation
[status of November 17, 2015]



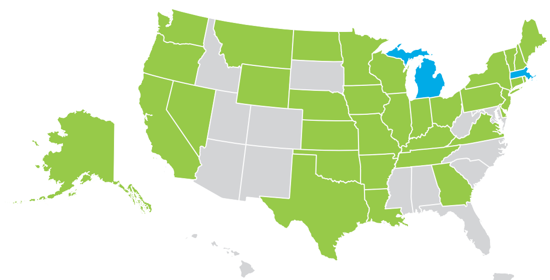
Adopted Model #450 (32: AL, AK, AZ, CO, CT, DC, GA, IA, ID, IN, KS, KY, LA, MA, MS, NE, ND, NH, NY, OH, OR, PA, RI, SC, TN, TX, VA, VT, WA, WV, WI, WY)

Action under consideration (0)

No action to date

Courtesy of the NAIC

Implementation of Model Act #505
Risk Management and Own Risk and Solvency Assessment Model Act
[status of November 17, 2015]



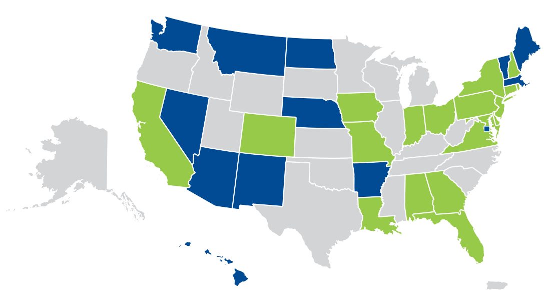
Adopted Model #505 (34: AK, AR, CA, CT, DE, GA, IA, IL, IN, KS, KY, LA, ME, MN, MO, MT, ND, NE, NH, NJ, NY, NV, OH, OK, OR, PA, RI, TN, TX, VA, VT, WA, WI, WY)

Action under consideration (2: MA, MI)

No action to date

Courtesy of the NAIC

Implementation of 2011 Revisions to Credit for Reinsurance Models
Model Law #785 and Model Regulation #786
[status of November 17, 2015]



Adopted Both Model #785 and #786 (19: AL, CA, CO, CT, DE, FL, GA, IA, IN, LA, MD, MO, NH, NJ, NY, OH, PA, RI, VA)

Adopted Model #785 only (13: AR, AZ, DC, HI, MA, ME, MT, ND NE, NM, NV, VT, WA)

No action to date

Courtesy of the NAIC

Acronyms

AAA	American Academy of Actuaries
ACA	Affordable Care Act
ACLI	American Council of Life Insurers
AIA	American Insurance Association
ASSAL	Association of Latin American Insurance Supervisors
BCR	Basic Capital Requirements
CARVM	Commissioners' Annuity Reserve Valuation Method
CIPR	Center for Insurance Policy Research
ComFrame	Common Framework for the Supervision of Internationally Active Insurance Groups
CDAWG	ComFrame Development and Analysis (G) Working Group
FHLB	Federal Home Loan Bank
FIO	Federal Insurance Office
FSOC	US Financial Stability Oversight Council
GAAP	Generally Accepted Accounting Principles
G-SII	Global Systemically Important Insurer
GPNM	Gross Premium Nonforfeiture Method
HLA	Higher Loss Absorbency
IAIG	Internationally Active Insurance Group
IAIS	International Association of Insurance Supervisors
ICP	Insurance Core Principles
ICS	Insurance Capital Standard
IMF	International Monetary Fund
LATF	Life Actuarial Task Force
NAIC	National Association of Insurance Commissioners
NTNI	Non-Traditional, Non-Insurance
NFPS	National Financial Presentation Standards
OECD	Organization for Economic Cooperation and Development
OIC	Office of Insurance Commission
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
PBR	Principle-Based Reserving
PCI	Property Casualty Insurers Association of America
QI	Quality Improvement
RBC	Risk-Based Capital
RSM	Risk Scenario Method
SAPWG	Statutory Accounting Principles Working Group
SIFI	Systemically Important Financial Institutions
SVL	Standard Valuation Law
SVO	NAIC Securities Valuation Office
TLAC	Total Loss Absorbing Capacity
TRIA	Terrorism Risk Insurance Act
ULSG	Universal Life Secondary Guarantee
USTR	US Trade Representative
VAWG	Valuation Analysis Working Group
VM	Valuation Manual

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